TOKYO GAZETTE

A MONTHLY REPORT OF CURRENT POLICIES, OFFICIAL STATEMENTS AND STATISTICS

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The TOKYO GAZETTE is published monthly by the Tokyo Gazette Publishing House under the supervision of the Cabinet Information Bureau. Its purpose is primarily to supply information concerning the nature of problems being confronted today by the Japanese nation as a whole, and of the governmental steps being taken to solve these problems.

The material in the TOKYO GAZETTE is selected mainly from the *Weekly Report*, edited by the same Bureau. The accuracy and comprehensiveness of data presented in the *Report* are fully established. For the benefit of students of Japanese affairs, the TOKYO GAZETTE is endeavouring to maintain these qualities in the hope that its publication will eliminate unfortunate misunderstandings and thus contribute to world peace and international goodwill.

Printed in Japan

BRITISH CONCESSION ISSUE AT TIENTSIN[1]

BUREAU OF INFORMATION, WAR DEPARTMENT

SINCE the outbreak of the China Affair, the British Concession in Tientsin has become conspicuous as the centre for activities inimical to Japan.

It is well known that Hongkong and Chungking have been kept accurately informed of the military operations of the Japanese forces in North China by wireless from the Tientsin concession, which also is known to have facilitated the actions of Chinese guerrilla troops in North China and to have sheltered terrorist gangs plotting the assassination of leaders of the Provisional Government of the Chinese Republic. The concession likewise has served as the base for financing the forays of Communist bandits in North China. Activities connected with the forging and circulation of Federal Reserve Bank notes and other financial disturbances in North China have been traced to operatives in the British Concession. Circulation of the old legal tender, outlawed by the new regime, has been supported in the concession, which has done much to boost commodity prices in North China, menacing the livelihood of the Chinese people. The press and schools in the concession have been abused for anti-Japanese purposes.

Under such circumstances, it has for some time been the consensus among official and unofficial circles in Tientsin that the Japanese Army would be obliged to act resolutely sooner or later out of the sheer necessity of preserving peace and order, and as a measure of self-defence.

Steps Leading up to Blockade

Between March and April of this year, three Japanese soldiers were murdered in Tientsin by terrorists affiliated with the Kuomintang and the Communist Parties, while Mr. Cheng Hsi-keng, Managing Director of the Federal Reserve Bank of China and Maritime Customs Inspector at Tientsin, became a martyr to the cause of the New Order in East Asia when he was assassinated by gangsters

[1] As the August issue of TOKYO GAZETTE goes to press, Mr. Hachiro Arita, Minister for Foreign Affairs, and Sir Robert Craigie, the British Ambassador, are engaged in diplomatic negotiations in Tokyo for settlement of the Tientsin Concession dispute. The Anglo-Japanese conference opened on July 15, just a month and a day after the Japanese blockade of the British Concession was enforced, and an agreement on general principles was reached on July 22.

in a theatre in the concession. Four of the assassins of Mr. Cheng were arrested and detained by authorities of the Municipal Council, their guilt having been established beyond a doubt, as the result of an investigation instituted by the Japanese. The British Concession authorities, who witnessed the examination, made it known on that occasion that they were satisfied with the result of the inquiry.

The Army authorities, still reluctant to resort to force, encouraged consular negotiations between the British and Japanese diplomatic authorities, looking toward the delivery of the four assassins, and also to bring about British cooperation for the preservation of peace and order in North China. Despite these efforts for peaceful settlement on the part of the Japanese, the authorities of the British Concession disdained to reply to the representations time and again under various pretexts.

Finally at the end of their patience, the Japanese demanded that the British reply one way or the other by June 7. Thus, finding it impossible to play for time any longer, the authorities of the British Concession gave their reply on June 6 in the following essence:

1. Although the Japanese insisted on the transfer of the four assassins of Mr. Cheng to the Chinese authorities, there was deemed to be insufficient material evidence against the suspected murderers, apart from their own confessions, to justify their delivery.

2. It was proposed that the alleged Chief of Staff of the 9th Route Army and another Chinese officer, who had been arrested by the British Concession authorities for having transported explosives within the British Concession, should be delivered to the Chinese authorities in lieu of the four suspects on the ground that their delivery might possibly lead to the discovery of further evidence to establish the guilt of the terrorists, since the officers under detention supposedly had been superiors of the suspects when they were in the Communist army. This reply, however, concerned a matter of which the Japanese had been given no previous information, and the Japanese were doubtful moreover as to the authenticity of the purported Chief of Staff.

3. The Municipal Council of the British Concession indicated that it would deport or otherwise deal properly with 10 or more Chinese who had been arrested for anti-Japanese activities.

4. It was stated that a rigorous notice would be issued regarding control to be enforced for the suppression of anti-Japanese elements in the concession, and that policing activities would be made more effective.

This reply was considered by the Japanese as a manifestation of the old diplomatic game at which Britain always has excelled. The

Japanese demands, however, did not concern the undesirable elements referred to in the British reply, whose offences could not be determined clearly without further investigation, but called for the delivery of the criminals who had assassinated the high official of the Provisional Government. And so long as the British refused to surrender these criminals their replies were meaningless.

Since the British authorities thus were determined to protect the obviously guilty suspects, it was of no avail to continue seeking their cooperation, since their attitude only tended to encourage terrorists to use the concession as headquarters for anti-Japanese activities.

Thus, patience on the part of the Japanese Army finally was exhausted when it became apparent that nothing possibly could be gained by continuing negotiations, and the Army decided thereupon to take appropriate action to isolate the British Concession.

It was considered regrettable that the French, who understood conditions peculiar to Tientsin and were conciliatory in their attitude toward the Japanese, as well as the Germans, Americans and Chinese resident in the concession, should be inconvenienced in any way because of the Japanese action. The hope was expressed that those who lived in the concession would move out as early as possible. Sympathy also was expressed for those who were obliged to remain in the area against their will.

It was regarded as equivalent to seeing only one side of the shield to view the recent aggravation in the Tientsin situation as entirely due to the British refusal to deliver the suspected assassins. In this connection, one must recall the British policy of rendering assistance to the Chiang Kai-shek régime, which angered the Japanese people at large.

For this reason, it scarcely can be expected that the situation will be settled merely by the delivery of the four suspected assassins. The Japanese Army demands as a prerequisite that Britain reconsider her pro-Chiang attitude and clear the Tientsin Concession of all facilities for activities hostile to Japan. It naturally follows, therefore, that the Japanese Army will not modify its action until the British authorities take proper cognizance of the new situation in North China and cooperate in the construction of a New Order in East Asia.

Firmly determined as to their policy, the Army authorities at Tientsin issued an important statement at 12 : 30 o'clock on the afternoon of June 13, sending out notices printed in the Japanese and Chinese languages simultaneously. These notices were displayed at all conspicuous places in the Japanese Concession and the Chinese

quarter, announcing that street traffic with the British and French concessions would be suspended for the purpose of suppressing activities of anti-Japanese and Communist elements in Tientsin, effective from 6 o'clock on the morning of June 14. The statement added that traffic would be controlled across the International Bridge between 6 o'clock in the morning and midnight, and by way of Yamaguchi-gai, Asahi-gai, Fuyo-gai, the British Race Course Road, Taian Road and Chungchieh between 6 in the morning and 10 at night.

Despite their strong attitude the Army authorities were ready to cancel their plans for isolating the concessions if the British had surrendered the suspected assassins by 6 o'clock in the morning of June 14, the hour the time limit was to expire. On the other hand, they expressed their determination not to rescind their projected action in the event the British offered to give up the suspects belatedly after the deadline had passed. The Army was firmly resolved to carry on such traffic examinations and interrogations as deemed necessary, as well as inspection of the shipping on the Peiho River, unless the British authorities reversed their attitude in all respects.

Only silence came from the British side and the Japanese acted with finality at the appointed time on June 14.

The Army had prepared since last February for such a development by building the Nihonbashi bridge to connect the Italian Concession with the native quarter in the event the International Bridge should be closed to traffic. Moreover, the Japanese extended Hsinhsing Road to the concession, erected traffic barriers and sentry stations, built barbed wire entanglements around the British Concession and otherwise completed preparedness while carrying on negotiations with the British. The latter, however, apparently regarded such preparations merely as " bluff " tactics.

Changed Status of Foreign Concessions

The isolation of the British and French concessions in Tientsin caused international repercussions. The action was carried out extremely smoothly and efficiently, thanks to perfect preparations on the part of the Army and to the cooperation rendered by the Japanese, Chinese and many nationals of third countries who understood Japan's position. The International Bridge, which formerly had been used by approximately 300,000 persons on the average day, stands quite deserted at the time of writing. The British Concession also appears deserted, with only a few stragglers to be seen on the streets. Despite strict traffic control and the inspection of those

entering or leaving the barricaded area the Japanese Army has made no move to cut off food supplies for the concession.

The day after the blockade was enforced, a small number of British troops staged an armed demonstration before the Japanese sentry post on the Race Course Road. An extremely tense situation prevailed for the moment, but the British soldiers withdrew after four hours in recognition of the determined attitude of the Japanese.

The inhabitants of the British Concession apparently are feeling the strain of the situation with increasing intensity, and however undisturbed the British authorities may pretend to be, their difficulty is more than obvious.

Following the brief and futile British demonstration, the Army conducted examinations more rigorously than ever, and at 10 o'clock on the night of June 19, they electrified the entire length of the barbed wire entanglements around the concession, to prevent unauthorized departure or entry of the isolated area.

Attitude of the British

It may be pointed out that the British thus far have failed to understand the real intentions of Japan, her basic attitude toward the China Affair in particular. To the British way of thinking, Japan seemingly has been planning to usurp the British Concession, as a prelude to shutting out all the vested rights and interests of all foreign Powers in China. Under this misapprehension, the British made known their contention that Britain, France and America should take firm steps against Japan. The British also threatened to impose economic penalties against Japan by way of retaliation.

It must be borne in mind in this connection that Japan is directing its restrictive measures against Britain alone in Tientsin, as was made clear in a statement issued by the Japanese Army authorities in Tientsin on June 19. In fact, all possible facilities are being provided for the Italian Concession, which has rendered the utmost cooperation, and for the French Concession, which remains comparatively friendly to the Japanese, it being far from Japan's intentions to antagonize or hamper the actions of nationals of third powers in these concessions in any way. Whether the problem will be settled amicably in the future, therefore, depends entirely upon whether or not Britain shows sincerity in dealing with the situation. If the British should choose to take retaliatory action, they would find themselves at an immediate disadvantage. Furthermore, an economic blockade would cause internal repercussions in Britain and also would bring the censure of British dominions and

possessions, all of which is feared by a certain section of the British public. Such action inevitably would lead to the danger of an armed clash, and would be impracticable unless Britain were thoroughly prepared for any eventuality.

Shortly after isolation of the Tientsin concession was effected a certain British propaganda agency circulated reports alleging that the Japanese troops were resorting to inhuman acts in the conduct of examinations at the sentry posts, the true facts being seriously distorted in such reports.

Following the failure of all attempts to shake the strong attitude of the Japanese, however, there have been recent indications that the British have changed their attitude somewhat. The British Government finally deemed it inadvisable to allow the situation to remain unsettled, and accordingly proposed diplomatic conversations with Japan to find a way out of the difficulty.

Attitude of the Japanese Army

After a considerable delay, the Anglo-Japanese diplomatic conversations were instituted in Tokyo on July 15, primarily to discuss issues relating to the Tientsin problem, it being the Japanese desire to induce the British to change their attitude toward such matters as vitally concern the preservation of peace and order in Tientsin and the existence of the Japanese Army.

Such a change of attitude will be impossible, however, unless the British take proper cognizance of the basic facts concerning the Current Affair and revise their policy to fit the requirements of the existing situation. Serious importance has been attached to the Tokyo conference for this reason. In this connection, mention must be made of the attitude of the central Army authorities in Tokyo, who are giving positive support to the effective and appropriate action taken in Tientsin against the British Concession to meet the urgent need for self-defence.

All that the Japanese expect from the conference in Tokyo is the complete abandonment of British hostility. This can be realized only when Britain voluntarily discontinues her policy of lending assistance to the Chiang Kai-shek régime, which is detrimental to Japan, and cooperates in the construction of a New Order in East Asia. It naturally follows that unless Britain changes her attitude, as suggested above, the results of the diplomatic conversations will be of little or no importance. Furthermore, the Japanese Army authorities are fully prepared to consolidate their action, as may be dictated by their own conviction, all future developments in the situation depending entirely upon the results of the Tokyo conference.

TREND OF READING

The Imperial Library

A TRANQUIL scene showing soldiers behind the lines poring over a newspaper from home, many days old, often is featured in newspaper pictures. One may easily imagine what delight and consolation books and magazines sent in comfort-bags from home bring to the minds of soldiers resting by the bivouac fire. It is said that during the Great War, well-selected libraries distributed among the men at the front not only gave them infinite solace but enabled them to bear the strain of protracted fighting without losing their mental balance. Especially young men who had found no time for reading in ordinary times were able to add to their knowledge concerning their peacetime occupations by reading at the front, thus preparing themselves for the work of reconstruction after the war. This is a good lesson for the Japanese people on the home front, as well as for the men on the battlefields of China.

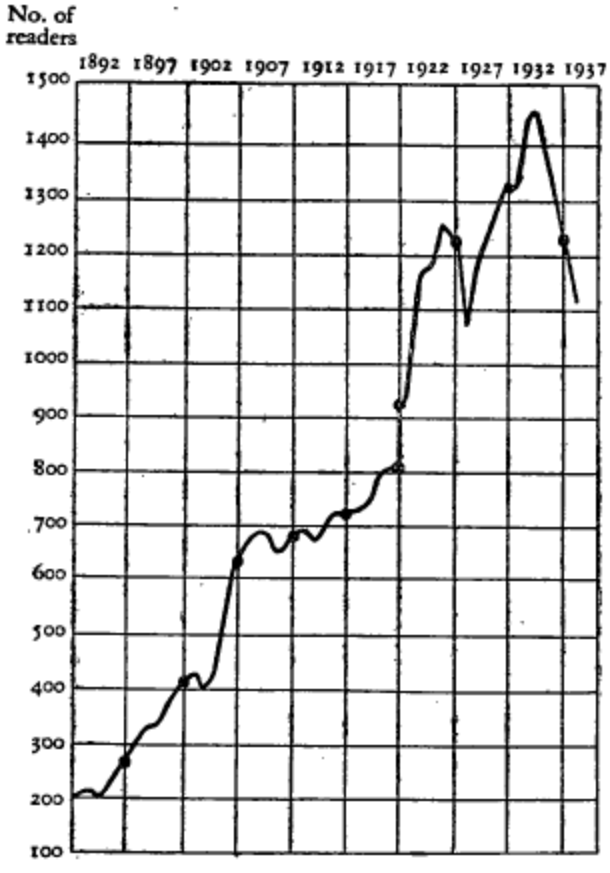
The Reading Public in Wartime

It should be of no less concern to thinking people what trend the reading public at home shows under the China Affair. The reading of the general public has an inseparable relation with the changes in social conditions. Years ago, Marxism was in favour with many people, but with the outbreak of the Manchurian Incident, our nation was awakened by the cry for the return to the Japanese spirit and made a sudden turn from internationalism to nationalism ; from materialism to idealism. Keeping pace with this drift of the times, the publishing world quickly adapted itself to the extraordinary situation with which the country then was confronted. Soon after the outbreak of the China Affair, the National Spiritual Mobilization Movement was initiated, and various measures since have been taken for setting up a wartime structure. The efforts of the entire nation are now directed toward the attainment of the ultimate objective of the Affair and the construction of a new order in East Asia. Under these circumstances, it can easily be imagined what trend the reading public should take, but we shall try to clarify it by surveying the statistics of the Imperial Library.

The Imperial Library is the only State institution of its kind open to the public, containing more than 900,000 volumes. Founded in 1872, it was moved to its present site in Uyeno Park, Tokyo, in 1906, and an extension was built some years afterwards.

War and Use of the Library

It is interesting to note how war affects the number of visitors to a library. The statistics of the Imperial Library show that on the whole, the use of its facilities by the public grew with the national development. The daily average number of readers between 1892 and 1937 is given as follows :



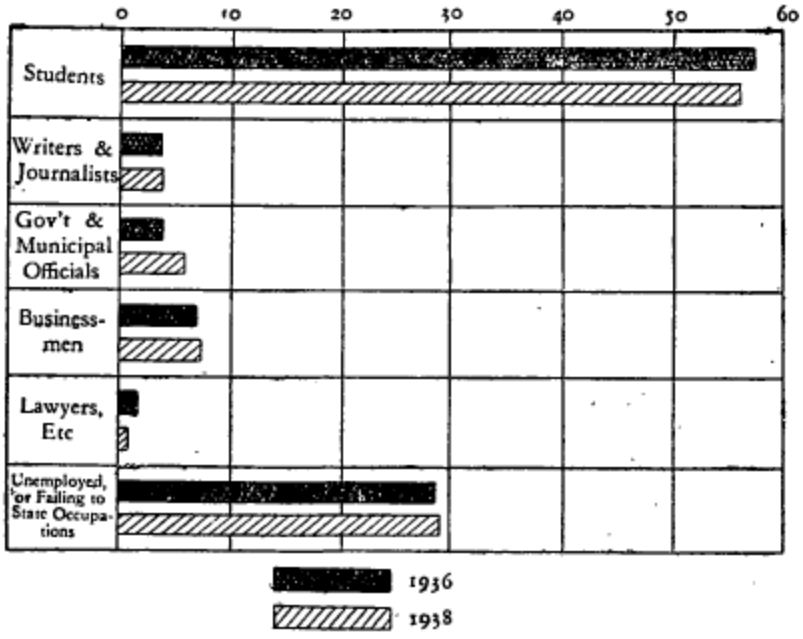
In 1894 the number of readers averaged 217 a day, falling to 208 the next year. The Sino-Japanese war began in July, 1894 and came to an end in April, 1895. The figure rose to 417 in 1902, and to 432 in 1903, but dropped to 413 in 1904. In that year came the war with Russia, on the issue of which Japan staked her all. Participating in the Great War, she declared war on Germany in August, 1914, and, though the campaign was not on a large scale so far as Japan was concerned, yet the daily average number of readers in that year was 23 less than in the previous year. After that the figure kept increasing until in 1924 it had gone beyond 1,160. The sharp drop in 1928 was due to the closing of part of the reading room, pending the construction of an extension. The peak year was in 1935, when visitors averaged 1,458 a day. The next year recorded a marked decrease by 131. Although the cause again lay chiefly in the closing of part of the reading room for alterations, a natural tendency toward decline seems to have begun that year aside from the aforementioned factor. The year 1937 saw a fall of 116 in the daily average, and in 1938 it

decreased by 93. It is difficult to establish the definite cause, but it may be attributed to the sudden change in social conditions resulting from the present Affair and the wartime structure built up to cope with the emergency.

Classification of Readers

It is an important matter for consideration that students represent the majority of those who make use of public libraries. In the Imperial Library the proportion of student readers is 55 per cent of the total, followed by 28 per cent for unemployed persons or those failing to state their occupations. Businessmen come third, with about 7 per cent, while the remaining 10 per cent consists of writers, teachers, government and municipal officials, soldiers and others. A similar ratio is shown in other public libraries. Of late, however, a slight increase in readers is seen in businessmen, government and municipal officials, while the utilization of library facilities by students has fallen off a little. The former tendency may be accounted for by the necessity for research and investigation brought about by the China Affair. Another interesting point borne out by the statistics is the fact that with the gradual decline in women readers, there is seen a rise in the number of women engaged in occupations.

Readers Classified According to Occupations
(The figures are in per cent of the total number of readers.)



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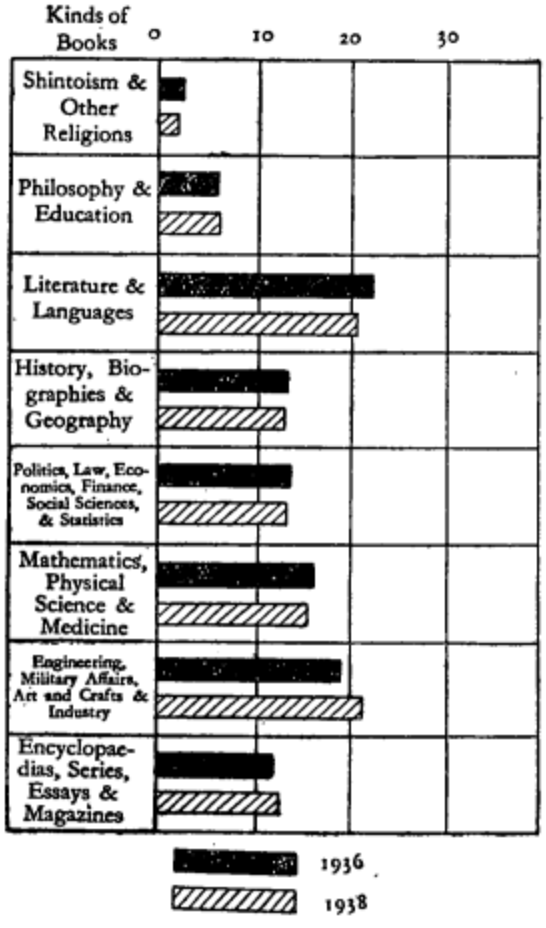
Classification of Books Read

In the following table is shown the comparison of books read in 1936, the year preceding the outbreak of the China Affair, and 1938, the second year of the conflict.

(The figures are in per cent of the total number of books.)



In 1936, books devoted to literature and languages exceeded the category of those relating to engineering and military affairs, by 1.7 per cent, while in 1938, the two groups were of equal percentage. This cannot be regarded as a phenomenon common to all libraries, however, because the decline in the category of literature and languages is seen only in the Imperial Library, all other libraries registering rather a gradual increase in that category. The rise in the popularity of works on literature and languages is likely to be considered as an indication of

an unwholesome trend followed by the readers, while the advance in books dealing with more practical subjects, such as industry and social sciences or religion and philosophy is easily regarded as a sign of sound tendency. Under such a strained situation as we now are facing, the fostering of sound thought and study of practical subjects are of course desirable, but on the other hand the nation should not be morbidly nervous. It is advisable that, while being kept from the diffusion of vulgar tastes and the pursuit of unwholesome pleasures, the public should be elevated in culture through refined works of literature.

We shall now cite instances of publications which have found the largest number of readers in this library. The development of the war situation is a matter of grave national concern; aerial warfare particularly, which forms the most striking phase of the present armed conflict, is monopolizing the attention of the people. Hence the books Aerial Warfare, by Yahei Oba, and Naval Airmen's Accounts of Air Fights, published by the Yomiuri Shimbun Publishing Office, and other works of a similar nature are most welcomed. Barley and Soldiers and Mud and Soldiers, by Ashihei Hino, and Yellow Dust, by Hiroshi Uyeda, which also are being read by many visitors, may be called a new departure in war literature.

Among the books dealing with economic measures occasioned by the present emergency may be mentioned Economic Structure in Protracted Warfare, by Yoshitaro Iwai, Economic Life in Wartime, by Okinori Kaya, former Minister of Finance, The Present State of Wartime Economy, by Kamekichi Takahashi, and Wartime Economic Policy of Japan, by Kennosuke Kimbara. Of the books on industry in the greatest demand are The Growing Industries, by Teiji Katsuta, Capitalistic Industry and Scientific Industry by Masatoshi Okochi, Japanese Heavy Industries in Wartime, by Seiichi Kojima, and works on staple fibre, chemical industries and the manufacture of substitutes, as well as those concerning machine designing and manufacture and construction of motorcars and aircraft.

There is a plethora of books on China and things Chinese, of which the most notable are What is Japan Going to Do with China? by Seigo Nakano, and China, Chinese and Japan, by Heisuke Sugiyama. Konan Naito's China and Tadataka Ikezaki's New China also are popular. It is worthy of mention that Okakura Kakuzo's The Ideals of the East is being studied with revived interest. International relations also are of important concern to the nation, and it is no wonder that International Position of Modern Japan, by Morinosuke Kashima, Providing Against Soviet-Japanese War, by Teiichi Muto, and Sino-Japanese Relations as Viewed by Britain, by Yuichi Horiye,

should be in active demand.

One of the important internal problems of the hour is the improvement of the people's health, and the most popular of the books on this subject are How to Secure Vigorous Health, by Gisaku Motomura, Health Reader, by Hayao Takagi, and Mental and Physical Training, by Shugaku Yamabe. It is also quite natural that such books as Attitude Toward Death, by Akira Shimakage, and Talks on Zen Buddhism, by Totsudo Kato, should find many readers.

In time of emergency there is a longing for the appearance of great men, and this is indicated in the growing popularity of Setsurei Miyake's Heroes and Characters. Among biographies the lives of such great men as Yoshida-Shoin, General Nogi, and Saigo-Takamori are read most frequently. The Japanese translation of Madame Curie is one of the most popular books of the day.

All these books are concerned with the present extraordinary situation, directly or indirectly. In the field of fiction, Natsume-Soseki's works still predominate, followed by Toson Shimazaki's The Inn Awaiting Spring, Sei Ito's Youth, Sakae Kubo's Land of Volcanic Ashes, Yojiro Ishizaka's Getting His Living, and Den Wada's Fertile Soil. Of the women writers' works, the most notable are Mother, by Nobuko Yoshiya, and The Glacier, by Fumiko Hayashi. Yoshikawa Eiji's Miyamoto-Musashi, the story of the great swordsman in feudal times, is one of the most widely read of the works of popular literature at present.

The sound character of the visitors to this Library may be indicated by the great use made of such speculative or theoretical works as Fundamental Philosophy, by Gen-yoku Kuwaki, Between Philosophy and Science by Gen Tanabe, Learning and the Reality of the World, by Tokuji Tamura, the Japanese translation of Rosenberg's The Myth of the 20th Century, An Introduction to Analytics, by Teiji Takagi, and General Physics and Chemistry by Toshizo Chitani.

Besides the above, Spring on an Islet, the memoirs of Masako Ogawa, a woman doctor in a leprosarium, and the second series of Composition Class, sketches by Masako Toyoda, a factory girl with literary talent, had the greatest number of readers in the first quarter of this year.

CHRONOLOGICAL TABLE OF IMPORTANT EVENTS IN ASIATIC HISTORY

—During the Past 100 Years—

(Compiled by the *Weekly Report*, edited by the Cabinet Information Bureau)

CONTINENTAL ASIA	JAPAN (Numerals indicate corresponding years in Japanese Era)
A. D. 1840, Beginning of the Opium War.	2500
1842, Nanking Treaty.	2502, The Shogunate order shutting out foreign ships is removed.
1850, Beginning of the Taiping Rebellion.	2510
1853	2513, Commodore Perry's visit.
1858, Downfall of the Mewoerh Empire. India becomes an English colony. Aihun Treaty.	2518, Conclusion of treaties with United States and France. The Ansei coup d'état.
1860, Negotiations for the Tientsin Treaty are started.	2520
1867, France makes Tungpusai her protectorate.	2527, Enthronement of the Emperor Meiji. Restoration of direct rule by the Emperor.
1868	2528, The first year of Meiji. Yedo is renamed Tokyo.
1877, India is taken into the British Empire.	2537, Saigo Rebellion in Kyushu.
1883, Annam is made a protectorate of France.	2543
1885, Conclusion of the Tientsin Treaty.	2545, Conclusion of the Peace Treaty between Japan and Korea.
1886, Burma is annexed to the British Empire.	2546
1887, Birth of French Indo-China.	2547; 2549, Proclamation of the Constitution of the Empire of Japan.
1894, Beginning of the Sino-Japanese War.	2554, Conclusion of the Defensive Alliance with Korea.
1895, Conclusion of the Shimonoseki Treaty. Declaration of Korean Independence.	2555, Interference by the Three Powers.

1898, Lease of Kiaochow Bay to Germany, Port Arthur and Dairen to Russia, Weihaiwei and Kowloon to Great Britain.	2558
1899, Lease of Kwangchow Bay to France. The Boxer Uprising in Shantung Province.	2559
1900, Capture of Mukden.	2560
1902	2562, Conclusion of the Anglo-Japanese Alliance.
1904, Beginning of the Russo-Japanese War. China declares neutrality.	2564–2565, The Russo-Japanese War.
1905, Conclusion of the Portsmouth Peace Treaty.	2565
1908, Enthronement of Suan Tung Ti. Anti-English movement in India.	2568
1910	2570, Annexation of Korea. Korea is renamed Chosen.
1911, Capture of Nanking by the Revolutionists.	2571, Revision of treaties with Western Powers.
1912, Downfall of the Tsing Empire. Birth of Chung-Hua-Min-Kuo.	2572, Demise of the Emperor Meiji. Enthronement of the Emperor Taisho.
1913, Yuan Shih-kai becomes the president of the new Chinese Republic. Recognition of Chung-Hua-Min-Kuo (the Republic of China) by the Powers.	2573
1914	2574, Japan declares war on Germany. 2574–2578, Japan participates in the World War.
1915, Comclusion of the Sino-Japanese Treaty.	2575
1918	2578, The Armistice of the World War.

1922, The Eastern Three Provinces declare independence. Li Yuan-hung becomes President.	2582, Japan despatches an army to Siberia.
1923, Tsao Kun becomes President.	2583, Abrogation of the Anglo-Japanese Alliance.
1924, Tuan Chi-jui is made the Acting Chief of Executives.	2584
1926, Chiang Kai-shek begins his expedition to North China.	2586, Demise of the Emperor Taisho. Accession to the Throne of Crown Prince Hirohito.
1927, Establishment of the Kuomintang Government in Nanking.	2587, Japan despatches an army to Shantung.
1928, The Tsinan Incident. Chang Tso-lin is killed. Chiang Kai-shek assumes the leadership of the Kuomintang Government.	2588, Japan despatches an army to Tsinan.
1931, The Manchurian Incident.	2591, The Manchurian Incident.
1932, The Shanghai Affair. Birth of Manchoukuo.	2592, Recognition of Manchoukuo.
1936, Establishment of the East Hopei Autonomous Government and the Hopei-Chahar Political Council. Te Wang declares the independence of Inner Mongolia.	2596, Diplomatic negotiations with China.
1937, Beginning of the China Affair.	2597, Occupation of important places in North and Central China.

SUSTENANCE OF LABOUR POWER IN INDUSTRIES

DEPARTMENT OF WELFARE

ONE of the important characteristics of modern war is that each combatant nation tries, at the very outset of the hostilities, to mobilize armed forces on an enormous scale. Under the emergency, industries are called upon immediately to send to the front the strong, youthful workers who form the vital part of their labour power, and at the same time to mobilize, on their part, all available labour forces, the greater part of which may be unskilled labour, for meeting urgent—almost limitless—demands for war materials.

The present conflict with China is no exception. In particular, with its entrance into the new phase of long-term construction, entailing the increasing extension of lines of battle, the augmentation of productive power has become extremely exigent. These demands for manpower, both on the China and home fronts inevitably have created shortages of labour power for industrial production. The first step for overcoming such an apparent contradiction—to call increasingly greater numbers of strong young men to services at the front, while demanding the expansion of productive power in home-front industrial activities which cannot be effected without employing a greater volume of labour power—should be to plan most rationally and effectively for utilization of existing labour power in industrial plants. This planning, however, has not as yet been carried out so fully and efficiently as other wartime measures.

Necessity for Scientific Study of the Problem

It is true that heavy industries in Japan had been developing to an extraordinary extent, having been given impetus by the Manchurian Affair. When measured by the advanced standards of modern industrial nations, however, progress in heavy industries had not gone beyond the initial stage of development as such, and enterprises had been operated in such a way as merely to meet multifarious, planless demands ; they could not afford even to think of the necessity of making scientific studies as to the efficient utilization of labour power, simply employing old methods to the best of their capacities. When, therefore, the current hostilities broke out, and the urgent demand for the production of enormous quantities of munitions called for the comprehensive promotion of all productive activities,

the unfavourable effects of the lack of scientific studies on the question of labour power began to tell on various aspects of production. What industrial interests did, however, was merely to adopt immediate steps such as: (1) the extension of working hours, (2) the abolition of the holiday system, (3) the expansion of equipment and employment of new hands, and (4) the replacement of men workers by women.

The fear that such rough-and-ready measures might lead productive activities into inefficiency and confusion had been entertained from the outset by the competent authorities. Accordingly, the Bureau of Social Affairs (later reorganized as the Bureau of Labour, Department of Welfare) endeavoured to check the excessive extension of working hours, to prevent accidents in factories, and to maintain the general health of workers. At the same time, guiding principles for the sustenance of labour power were adopted, by which productive efficiency could be increased without causing a drain on the labour power necessary for munitions industries. The major guiding principles are as follows:

1. The daily working hours shall be, in principle, under 12 hours, including overtime.
2. Special attention shall be paid to working hours of protected[1] workers.
3. Holidays shall be given at least twice a month.
4. Adequate recesses shall be provided, with proper distribution over the daily working hours.
5. In preparation for the introduction of the shift system, studies shall be made beforehand as to the posts where the system can be applied, as to the training of skilled workers, and as to the improvements and extension of factories and equipment.
6. Unskilled workers shall be given guidance on the spot at the time of their employment as to the rules of safety in operation; and where the work is attended with danger, arrangements shall be made so as not to allow unskilled workers to work by themselves.
7. In case of construction, extension or improvement of plants, the installing of such machinery as can be handled individually, though operated by a single power system, shall be encouraged.
8. Completion of safety devices shall be encouraged.
9. Where the safety committee system is employed, its activities shall be improved and promoted.
10. Adequate rest periods shall be provided daily, to relieve fatigue, and such facilities shall be provided within the plants.

[1] Workers under 16 years of age, and all women workers, are protected by governmental instructions.

11. In factories having dining room and dormitory facilities improvement in the nutritive value of food shall be studied carefully.

12. Health examinations for workers shall be carried out from time to time. Cooks employed in factory dining rooms and dormitories shall be subjected to particularly strict examinations.

These emergency measures not only served their purpose satisfactorily in the early stages of the hostilities, but also proved to be appropriate steps for showing the important fact that the policy for sustenance of labour power under the current emergency lies in the use of productive labour power on the basis of scientific principles.

Problem of Working Hours

It is an established fact that to extend working hours excessively is not merely to exhaust the physical strength of workers, through the increase of accidents and diseases, but to diminish productive efficiency to a considerable extent because of perpetual fatigue. The Imperial Ordinance Restricting Working Hours in Factories, promulgated recently, is designed to prevent such evils. This governmental measure, however, must not be taken as fixing the best standard in this matter. The fact that any measure to be adopted under the emergency must conform primarily to the demand for faster and greater production over a considerably long period has to be taken into consideration in this connection. What is most essential, therefore, is to decide working hours appropriate for individual enterprises according to their nature, within the limits of the Ordinance. This is a matter to be studied seriously.

To further clarify the point, the result of an investigation conducted by the Bureau of Labour, Department of Welfare, of the actual working hours in machine tool plants throughout the country is given below for reference:

Working Hours	Nov., 1937	May, 1938	Nov., 1938
	pct.	pct.	pct.
8 and less	2.4	2.0	2.9
8—9	14.6	10.3	9.6
9—10	22.6	25.7	21.9
10—11	13.2	13.3	13.9
11—12	16.1	20.7	23.1
12—13	16.8	13.8	14.3
13—14	10.7	9.5	8.7
14—15	1.7	2.4	2.8
15—16	0.4	0.5	0.6
16 and more	1.4	1.8	2.2

Note: In this table, numbers of workers classified according to different working hours are shown in per cent of their total. Those investigated were male workers 16 years old and upwards.

The table clearly indicates the mind of industrial interests which came to regard, with the development of the East Asiatic situation, the extension of working hours as an essential means for meeting the demand for greater production. The fact can be seen, however, from the results of investigations made of factories in the Tokyo-Yokohama district, that the over-extension of working hours has defeated the purpose of larger production by increasing cases of absence from work on account first of unavoidable circumstances, then of illness, and lastly of occupational injuries, as indicated in the following table:

Time Investigated	Sizes of Factories	Absencesfrom Occupational Injuries	Absences from Illness	Absences from Unavoidable Circumstances	Total Absences
		In 1,000 of Workers	—do—	—do—	—do—
June, 1937	Large.....	4.35	22.71	28.80	55.86
	Middle ...	7.91	24.91	32.54	65.36
	Small.....	5.48	33.13	48.81	87.42
	Total	4.70	23.17	29.64	57.51
June, 1938	Large.....	4.54	24.89	41.20	70.63
	Middle ...	7.59	28.33	38.29	74.21
	Small.....	3.91	18.26	53.87	76.04
	Total	4.79	25.03	41.26	71.08

In the light of these figures, what is most essential for the sustenance of labour power under the current emergency is to stimulate industrial leaders to make serious scientific studies of the relationship between working hours and productive efficiency, and thus ascertain the most appropriate principles governing this important relationship. Only through such endeavours, the maximum amount of production can be ensured, as is urgently called for under the existing circumstances.

Measures for Preventing Accidents

In mobilizing and utilizing all human and material resources of the nation for achieving the current national purpose, the basic factor, in the final analysis, is manpower. Absence of, or inadequacy in, this factor to a large extent nullifies superior materials, elaborate machinery and highly efficient equipment. Both the Government and private interests therefore are united in their endeavours for the preservation

of skilled workers and the training of technicians. Actual conditions, however, have been far from satisfactory; fires and casualties have become frequent in industrial plants, resulting in the considerable waste of human resources which constitute the most vital factor in the augmentation of productive power. Index numbers of casualties in the plants coming within the purview of the Factory Law, with the year 1932 as the basing period, stand at 238, 286 and 326 for the years 1936, 1937 and 1938 respectively, and index numbers of their permillages are 154, 166 and 172 for the same years respectively; that is to say, casualties have more than trebled and the frequency of accidents has increased by 72 per cent. In view of the enormous strides being made in Japan in the direction of heavy industry, increase in casualties to a certain extent may be expected. The elimination of consumption of human resources, however, is a matter to be strictly guarded against, particularly under present conditions. In this connection, investigation of casualties among workers employed in machine tool plants, classified according to terms of service, offers data for effectively carrying out prevention measures, as shown in the following table:

Terms of Service	August, 1936	August, 1937	August, 1938
	Pct.	Pct.	Pct.
Under 3 months	16.7	23.6	24.9
3 to 6 months	9.0	14.9	16.4
6 months to 1 year	13.6	13.2	19.8
1 year to 1½ years.....	15.3	11.0	9.1
1½ to 2 years.....	7.8	6.1	5.4
2 to 2½ years.....	7.4	5.3	4.0
2½ to 3 years.....	4.3	4.3	3.3
3 years and over.....	25.9	21.6	17.1

What is clearly indicated here is the fact that the centre of gravity in casualties gradually has been shifting toward newly recruited, unskilled workers. It is accordingly most essential that better care should be taken in training and supervising new recruits in respect to the prevention of accidents.

With regard to casualties among women hands, a certain machine tool plant recently has reported 203 cases, of which high percentages are found in accidents caused in connection with the operation of presses and milling machines. Accidents connected with highly heated matters and combustible materials also are noteworthy. These facts show not only the absence or inadequacy of guidance and training for women factory workers engaged in dangerous

occupations, but also the evil of the excessive use of women in these operations without proper planning.

Women Workers in Heavy Industries

The problem of women workers is not one peculiar to Japan under the China Affair. War calls for huge numbers of strong men, and as its scale enlarges, the fields for women's home-front industrial activities inevitably increase. It is still fresh in our memory in connection with the World War that the munitions industry in Great Britain was employing, at the end of 1917, 2,520,000 workers, whereof 900,000 were women, and that as the wartime labour policy for 1919 she was planning for the mobilization of 3,500,000 additional men and 1,500,000 women workers. What Japan is experiencing in these years of the armed conflict with China is shown in part in the following table, compiled on the basis of investigations made by the Metropolitan Police Board of 45 machine tool plants under its jurisdiction:

Month	Index Numbers of the Increase of Men Workers	Index Numbers of the Increase of Women Workers	Women Workers in Per cent of the Total Numbers
June, 1937	100	100	17.7
Oct., 1937	105	113	18.8
Feb., 1938	118	130	19.1
June, 1938	155	176	19.6

As has been stated, the advance of women workers into the heavy industrial field may be admitted as inevitable to a certain extent for meeting the immediate national demands. Now is the time, however, for making better, rational planning to overcome the difficulty of supplying industrial labour power. Furthermore, any plans for the increase and sustenance of labour power must be framed in terms of long-term hostilities and construction. Irrational, planless use of women in industries, exaggerating the immediate necessity, is to undermine their potential motherhood, which is the vital factor for the augmentation of the nation's productive capacity in the coming generation, not to speak of its human resources.

To replace men workers by women workers without paying special attention to health and other conditions is not the way to increase production. There exists a wide difference between men and women workers in the rate of absences from illness and other

unavoidable circumstances, which fact can be seen in the following table embodying the result of the recent investigation of a certain factory :

Sex	March	Absences from Occupational Injuries	Absences from Illness	Absences from Unavoidable Circumstances	Total
		In per 1,000 of Workers	—do—	—do—	—do—
Men	1937	5.4	19.4	57.3	82.2
	1938	5.9	25.4	63.1	94.3
	1939	4.8	25.6	94.9	125.4
Women	1937	nil	33.6	122.2	155.8
	1938	nil	47.6	111.8	159.5
	1939	nil	44.9	128.7	173.7

Since Japanese peacetime industries employ great numbers of women workers, those operatives easily can be diverted to heavy industries. What should be done on the part of heavy industries in this connection, is to adjust working conditions in such a way as to protect their womanhood, since motherhood is one of their highest duties to the State.

What is expected of the nation's industries in time of peace is by no means different from that in time of emergency. In the latter case, however, their relationship with national life is more clearly and completely defined, particularly in terms of national defence and material security. Protection and education of workers to ensure the sustenance of labour power is an important phase in that relationship today. To adjust this phase of the relationship is to complete their contribution to the national cause, which already has proved to be valuable.

THE SITUATION IN CHINA

I

—ACTIVITIES OF THE JAPANESE MILITARY FORCES—

BUREAU OF INFORMATION, WAR DEPARTMENT

Occupation of Swatow and Chaochow

The Swatow campaign was launched in the small hours of June 21st by Japanese military and naval forces operating in close cooperation.

The main body of the military forces, which had landed near Sintsin, eight kilometres east of Swatow, stormed the Chinese guard station, and the single company of troops which had been guarding the station retreated in disorder. Another military detachment which landed on the southern shore of Tahao Island, south of Swatow, immediately started a northern push and took Kioshih on the opposite end of the island. The march from Sintsin to Swatow, although only eight kilometres, proved a very difficult one for the Japanese, for they not only had to fight the enemy all the way but also had to contend with bad roads and a blazing sun. By 3 o'clock in the afternoon, however, the Japanese forces had occupied practically all important points in the perimeter of Swatow, thus dominating the treaty port. Some of the troops immediately started to clean up the Chinese remnants in the town. The Chinese garrison forces in Swatow were about one regiment strong and offered stubborn resistance, taking clever advantage of foreign properties in the town. They retreated under cover of darkness, however, after starting fires in various parts of the city.

Another Japanese detachment, which had sailed up the estuary of the Han River, took Ampow at 9 o'clock on the morning of June 21st and cut off the northern retreat of the enemy from Swatow. Army and Navy air forces participated in the Swatow campaign throughout efficiently covering the advance of the ground forces and facilitating the smooth progress of the campaign.

The Chinese troops which engaged the Japanese at Swatow consisted of one regiment of the Ninth Brigade of the Kwangtung Army and 1,000 militiamen. They left no fewer than 600 dead and yielded 98 prisoners. The Japanese losses were 22 dead and 44 wounded. The Japanese also captured 100 rifles, a trench-mortar and 6,000 rounds of ammunition.

Occupation of Chaochow

Following up their victory at Swatow, the Japanese forces on the night of June 25th launched a drive on Chaochow, northern terminus of the Swatow-Chaochow Railway. Overcoming all resistance along the way, they dislodged a large body of Chinese troops from Fungkai (Fengchi) on

June 26th and reached the outskirts of Chaochow the same night. At dawn, they took the city. Captured two days later was Tenghai, halfway between Swatow and Changli.

Chaochow is noted as the place to which the famed Chinese poet Han Tui-chih was banished during the Han dynasty. It is an industrial and cultural centre in eastern Kwangtung Province with a population of 350,000. Tenghai is situated in the centre of the Han River delta region. It has a population of 10,000, and is the native town of a large number of overseas Chinese merchants, particularly those in the Southern Pacific.

Losses of Soviet and Outer Mongolian Planes

The Soviet and Outer Mongolian air and land forces, which crossed the western border and invaded Manchoukuo territory late in May, lost their international prestige when they were driven back with serious losses by the combined Japanese and Manchoukuo forces. Later, however, they rallied and reorganized themselves for another assault in the vicinity of Nomonhan.

On June 17th and 19th, Soviet and Mongolian planes in groups of more than 10 frequently crossed the border between Manchoukuo and Outer Mongolia to bomb Halunarshan, Chiangchunmiao, Amukulan, Khanjurmiao and other Manchoukuo towns.

The Japanese and Manchoukuo forces exercised self-restraint, however, in sincere effort to induce the Soviet-dominated Outer Mongolians to reconsider their dangerous course.

At 4 p. m., June 22nd, 18 Japanese planes patrolling Manchoukuo territory sighted some 150 Soviet planes of the I-15 and I-16 types, which had crossed the border. In the ensuing aerial battle near Khanjurmiao, the Japanese shot down 56 of the invading planes, with a loss of four craft from their own ranks, including one piloted by Captain Morimoto.

At about 8 p. m., June 23rd, the Japanese air unit which had been patrolling over Lake Buir encountered five Soviet planes and chased them across the border. One enemy plane was brought down, while Sergeant-Major Nakanishi, on the Japanese side, was killed in the air battle.

At 8 : 30 a. m., June 24th, a Japanese air squadron encountered approximately 60 Soviet and Outer Mongolian planes over the Halha River, south of Lake Buir, and shot down 12 of them. All the Japanese planes returned safely to their base.

Another engagement took place at 1 p. m. the same day over Lake Buir in which the Soviets lost four planes, one of which was captured by the Japanese after making a forced landing. One Japanese plane, piloted by Lieutenant Amano, failed to return to the base.

Another air battle occurred south of Khanjurmiao at 6 : 10 p. m., June 26th. Japanese flying units, which had been standing by some 20 kilometres south of Khanjurmiao, went aloft to meet about 40 enemy craft of the I-15 and I-16 types and shot down 16 of them after spirited fighting. The Japanese suffered no losses.

At dawn the following day, Japanese pursuit planes encountered approximately 200 Soviet-Mongol planes over Lake Buir. In the thrilling

30-minute battle that ensued, the Japanese brought down at least 98 planes, and possibly six more.

Following the large-scale air battle, Japanese bombers took off from their base to retaliate for the repeated Soviet-air raids on "open" Manchoukuo towns and also to destroy the base of the Soviet-Mongol air base at Tamsk, 100 kilometres south of Lake Buir. The Japanese raiders bombed and burned 30 enemy planes on the ground. Three Japanese planes failed to return to their base.

From the beginning of the Nomonhan incident up to June 27th, the Japanese air force destroyed 282 Soviet and Outer Mongolian planes and captured two more, adding an impressive page to the annals of world aerial warfare.

The Moscow Government maintained secrecy regarding the border fighting at the beginning, but was compelled to make public its version of the incident through the Tass News Agency on June 26th, following world-wide publicity on the affair. The Soviet version as usual, was concocted to suit its own convenience.

Clean-up Campaigns in Southern Shantung Province

The clean-up campaign started by Japanese forces on May 31st against the Chinese troops under General Yu Hsueh-chung and Admiral Shen Hung-lieh, and also against the Chinese Communist forces in southern Shantung Province, with an aggregate numerical strength of 120,000, has been conducted with extremely satisfactory results.

The Chinese 51st Army, comprising the 113th Division and the 114th division under General Yu Hsueh-chung, the 57th Army comprising the 11th Division and 112th Division under General Miao Cheng-liu, the 40th Army comprising the newly-organized 4th Division and the Shantung militia force under Admiral Shen Hung-lieh and the 89th Army, composed mostly of the salt guards at Haichow under General Li Shou-wei which managed to flee from the Japanese campaign at Haichow, crept into Southern Shantung Province where they joined forces with part of the 8th Route, or Communist Army.

General Yu, as commander-in-chief of the combined Kuomintang and Communist forces, established headquarters at Kaohu, to direct military operations in Shantung and Kiangsu provinces. It is understood that four additional divisions of Chinese troops had hurried north to Shantung from Honan Province as reinforcements.

These combined forces had established bases in the Taishan mountain range and also at Chuhsien, Yishui (Linyi), Mengyin, Chuchang and Jihchao in Southern Shantung Province, where they constructed strong positions. They apparently maintained a line of communication between their bases and Shihsueh, on the southern coast of Shantung.

The Japanese forces converged on these Kuomintang and Communist troops from three routes, namely the Shantung Railway, the Tientsin-Pukow Railway and the Lung-hai Railway. The Japanese Muda, Yamagata, Watanabe and Ishihara detachments pushed south from the Shantung Railway on May 31st; the Kitagawa, Azuma and Yanagawa

detachments pushed north from the Lung-hai Railway on May 29th, and the Yamamoto and Toyama detachments drove east from Taian on the Tientsin-Pukow Railway on May 30th. Marching under a scorching sun with the thermometer registering 110 degrees Fahrenheit, negotiating difficult mountain passes and enduring extreme hardships and privations, especially shortage of water, the Japanese forces steadily tightened their converging movement. On June 7th, they reached the line connecting Chucheng, Takwan, Antungwei and Yichow, 40 kilometres from the enemy positions at Chuhsien and Yishui.

The Japanese air force played an important role in the clean-up campaign in Southern Shantung Province. On June 7th, flying units visited Tunglitien, Kaohu, and Tafow, where the enemy had established bases, and attacked the headquarters and other military establishments..

The Chinese offered stiff resistance in all sectors in an attempt to check the Japanese advance, falling back on their geographical advantage. Undaunted, the Japanese battered the enemy positions and took Mengyin, the Chinese western base, on June 8th. The following day they reduced Yishui, the enemy headquarters. That night, the Japanese Muda mobile detachment stormed Chuhsien. With their headquarters and important bases in Japanese hands, the Kuomintang-Communist forces started a general retreat southwest and southeast of Yishui and Chuhsien.

Following up their victory, the Japanese forces dealt effectively with the Chinese remnants.

Results of the Clean-up Campaign

During the clean-up campaign in southern Shantung Province, which lasted from June 1st to June 26th, the Japanese forces had 109 engagements with enemy forces of an estimated total numerical strength of 52,000. The Chinese left 5,783 dead and lost 302 as prisoners. Their total casualties, including wounded, are estimated at more than 17,000. Japanese booty included 2,037 rifles, 66 machine-guns, 6 rapid-firing guns and 399 horses.

Prior to the June campaign, not a single Japanese soldier had set foot in southern Shantung province, with the exception of that sector which was involved in the battle for Hsuchow last year.

Aside from providing access to the rich agricultural and mineral resources for which southern Shantung is noted, the clean-up campaign is significant in that it has dealt a crushing blow to the combined Kuomintang and Communist forces, which had menaced the peace and order of North China with southern Shantung as their base of operations.

Movement of the Soviet-Mongol Forces Since May

After driving the Soviet and Outer Mogolian troops beyond the border as a sequel to the Nomonhan incident late in May, the Japanese and Manchoukuo forces returned to their base and awaited further developments, which were not long in coming.

For a time, the Soviet-Mongol forces were quiet, but toward the middle of June they resumed their invasion by land and air, in an effort to regain prestige following their earlier humiliation at Nomonhan.

Soviet aeroplanes were shot down every time they ventured across the

border, however, their losses in aircraft totalling 393 up to July 5th. Meanwhile, Soviet-Mongol ground forces on June 11th reappeared on the Halha, border river between Manchoukuo and Outer Mongolia, to survey the topography of the region near the confluence of the Halha and Holsten rivers. On June 18th they constructed a bridge across the Halha near the juncture of the two rivers, crossing over to establish positions on the heights near Manchoukuo territory. At that time, their forces numbered about 1,000 and their armaments included 10 artillery pieces, 10 anti-aircraft guns and scores of tanks.

They were reinforced steadily. On June 24th, a strong body of the transgressing troops, equipped with 70 tanks, armoured cars and lorries, and seven fieldguns crossed the Halha and attacked the Japanese Kobayashi detachment, which was standing guard over Chiangchunmiao. Emboldened by their superior numerical strength, the Soviet-Mongol forces surrounded the Japanese positions and bombarded them heavily with artillery. They met with much stiffer resistance than they expected to find, however, and were compelled to retreat toward evening with heavy losses. In withdrawing they picked up all their dead and wounded. The Japanese succeeded in destroying or disabling 10 tanks and armoured cars and one lorry. Japanese casualties comprised four killed and 15 wounded.

The invaders then strengthened their positions on both banks of the Halha River. Japanese aerial reconnaissance revealed that their first line reached as far into Manchoukuo as Nomonhan. The Soviet-Mongol numerical strength in this sector on June 25th totaled 4,000, and their equipment included 70 cannon, 26 anti-aircraft guns, 140 tanks and armoured cars and 860 motorcars.

The Manchoukuo border patrols at Jaminhotok, near Lake Buir, engaged approximately 300 Soviet-Mongol regulars, equipped with 30 armoured cars, on the evening of June 17th, while Manchoukuo troops at Tsanganobo, on the western shore of Lake Buir, were surrounded by about 1,000 Soviet and Outer Mongol troops, armed with 50 tanks and over a dozen mountain-guns. These invaders were beaten back, after bitter fighting.

On June 19th, 200 Soviet and Outer Mongolian regulars, armed with five tanks and six machine-guns, crossed the border and attacked Khalhamiao on the northern shore of Lake Buir. On June 29th, invading tank units attacked Nomutosolin.

Japanese Punitive Expedition

It is scarcely necessary to mention that the Japanese Army, which is jointly responsible with the Manchoukuo Army for the defence of Manchoukuo, should let these provocations pass unchallenged. Therefore, the Japanese Army decided to strike a decisive blow at the Soviet and Outer Mongolian troops to restore peace and order in Holunbair. After completing necessary preparations, the Japanese-Manchoukuo forces launched a punitive expedition against the Red Army troops which had crossed the border and constructed positions inside Manchoukuo territory.

At midnight, June 31st, the defending forces quietly left their base for an advance on the plain of Holunbair. Late the next night, they had arrived

within striking distance of the first line of the Soviet-Mongol forces.

Giving full play to their mobility, the Japanese on the night of July 2nd surrounded some 4,000 enemy troops on the eastern bank of the Halha and completely cut off their retreat.

The Japanese Yamagata and Yasuoka detachments battered the front of the enemy positions vigorously and succeeded in destroying or disabling more than two-thirds of the enemy's 140 tanks and armoured cars. A Manchoukuo detachment, in cooperation with the Japanese left column, attacked the enemy positions on Noro height and at 8 a.m., July 4th, reached a point four kilometers northeast of the confluence of the Halha and Holsten Rivers.

The Japanese and Manchoukuo first line steadily pressed back the enemy and at dawn on July 8th took the 738 metre hill north of the junction of the two rivers, thus entirely dominating the enemy positions.

The Japanese air force played a large role in the punitive expedition, securing command of the air and cooperating effectively with the ground forces.

In an aerial battle on July 3rd, the Japanese brought down two S.B. type planes, one L.Z. plane and six I-15 and I-16 aircraft.

On the afternoon of July 3rd, about 50 S.B. planes, flying in formation, attacked the Japanese first line repeatedly. The Japanese damage was negligible, however, and Japanese pursuit planes shot down two of the invaders.

July 4th witnessed a major air battle, in which the Japanese air force shot down 45 I-16 and one I-15 craft as well as seven S.B. bombers. It was believed that 15 other bombers were winged, but confirmation was impossible. No Japanese planes were lost in this engagement, although three fliers were wounded.

On July 5th, the Japanese air force bombed enemy artillery positions and tank units. On the same afternoon, 110 Soviet and Outer Mongolian planes, consisting of 60 S.B. bombers and 50 I-15 and I-16 planes appeared over the Halha River. In the ensuing battle, Japanese fliers brought down five of the first category and seven I-16 machines, returning safely to their base after the battle.

The Japanese air force on July 6th encountered a large Soviet-Mongol squadron, consisting of 40 I-16 planes and 12 S.B. bombers east of Lake Buir and shot down 24 of them. One Japanese ace made a forced landing near the scene of battle, while two more failed to return to the base.

Popular Contributions to the War Fund

During the two years of the China Affair, up to June 30th, the Japanese public has contributed 90,000,000 yen to the war fund, as follows :

		Yen
Army	National Defence Fund	39,989,586.46
	Aid for Soldiers' Families	15,875,056.47
	Scientific and Technical Encouragement Fund...	3,306,892.20
	Total	59,171,535.13
Comfort Bags		2,902,872

		Yen
Navy	National Defence Fund	21,279,970.05
	Aid for Families of Officers and Men	8,943,926.48
	Scientific and Technical Encouragement Fund	510,667.52
	Total	30,734,564.05

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THE SITUATION IN CHINA

II

—ROLE OF THE IMPERIAL NAVY IN THE CHINA AFFAIR—

PUBLICITY BUREAU, NAVY DEPARTMENT

On July 7th, the China Affair entered its third year. During the two years of the hostilities, the Japanese forces have scored brilliant military achievements, while reconstruction has progressed apace behind the lines.

We took occasion last year to review the naval operations after the first anniversary of the conflict. Thus, on the occasion of the second anniversary, we herewith outline the naval operations which have taken place since.

Command of the Sea

Command of the Western Pacific, secured early by the Japanese Navy, has provided a solid basis for all military operations since the beginning of the China Affair. It has enabled the Japanese forces to give full play to their efficiency on land, on the sea and in the air, and it also has enabled the Japanese Government to reject resolutely all untoward interference by third Powers, leaving it free to press its legitimate claims. In other words, command of the sea is essential for the conduct of Japan's strategy and diplomacy, upon which the latter are based.

Two years of hostilities have resulted in a virtual debacle for the Kuomintang and Communist armies, leaving them powerless before the Japanese forces, except for the desultory activities of guerillas in a few places. What now is in store for Japan is diplomatic warfare with third Powers over political and economic issues arising from the China Affair. The diplomatic negotiations which already have been started between Japan and pro-Chinese Powers are nothing but minor skirmishes in preparation for the forthcoming full-dress diplomatic struggle. Complications which have arisen recently between Japan and Britain, in connection with the British Concession at Tientsin and other questions, suggest the trend of Japan's international relations, which are bound to be complicated and difficult.

No wonder, therefore, that all Powers interested in the Far East are bent upon expanding their naval armaments with a view to acquiring a greater voice in East Asia.

Such an international situation intensified by the fear of an European War, has added to the importance of the command of the Western Pacific, which is absolutely indispensable to the independence, existence and

development of Japan. The present outlook demands that the Japanese nation pay greater attention to this point.

The Japanese sea forces now are called upon to shoulder a fresh burden in bringing the China conflict to a successful conclusion, by facilitating the smooth execution of Japan's world policy. At no time before has the Imperial Navy faced a greater or more important responsibility.

Blockade Forces at Work

The blockade of the China coast is a manifestation of the Japanese command of the sea in the Western Pacific. It is intended to deprive the enemy of the use of sea routes in accordance with Japan's primary strategy. The success of the blockade has an important bearing on the full scope of Japanese military operations.

The question naturally arises: What difficulty could possibly attend the successful establishment of a blockade against a country which has no navy, or rather whose navy has been crushed? The difficulty is that which accompanies efforts to blockade a vast expanse of shoreline with a limited number of craft, fighting constantly against the elements. The Japanese blockade against China encounters a greater and more serious difficulty in the obstructions presented by pro-Chiang Powers, which have taken advantage of the fact that it is a so-called "peacetime" blockade.

Nevertheless, the Japanese blockade forces have put forth courageous efforts during the past two years to interrupt the supply of war materials and other essentials destined to the Kuomintang and Communist armies, while the military forces have been attaining brilliant victories on land, in inland waters and in the air.

Now that almost all important seaports have fallen into Japanese hands, the Kuomintang régime is resorting to the desperate expediency of "smuggling," adding to the difficulty and complexity of the duty of the Japanese blockade forces, which have been compelled to seize suspicious junks and to board vessels and examine their freight to stop the practice. Vessels of third Powers also are aiding the Chinese, taking advantage of the loopholes of the "peacetime" blockade, under the protection of foreign naval ensigns. They also use junks to supply Chinese guerillas and bandits with arms and ammunition. With the blockade forces being compelled to examine all vessels, the difficulty of their task may be seen on the basis of the ship clearings in only two North China ports, Chefoo and Weihaiwei, for the last third of May, as shown below:

CHEFOO

Nationalities	Clearances	Entries
Japan	17	18
China (under the New Régime)	30	36
Germany	2	2
Britain	17	18
Manchoukuo	3	3
France	1	1
Norway	1	3

WEIHAIWEI

Nationalities	Clearances	Entries
Japan	4	4
China (under the New Régime)	7	7
Britain	11	11
Norway	1	1

The percentage of shipping of various nationalities entering and clearing North China ports applies in approximately the same proportion to ports in Central and South China. It is worthy of special notice that British shipping has increased steadily since the beginning of the China Affair. Small warships of the British China Station are being detailed to various ports of China to protect British shipping and Chinese junks which are engaged in smuggling, thus creating a delicate international complication and adding greatly to the difficulty of the task of the Japanese blockade forces. Interruption of traffic along the China coast, assiduously enforced by the Japanese Navy, has seriously affected the economy and people's livelihood in that part of China which remains under the jurisdiction of the Kuomintang Government.

Command of Inland Waters

Command of inland waters is an extension of the command of the sea, forming a duty of supreme importance for the Japanese Navy.

Operations in inland waters did not come to an end with the capture of Hankow or Canton. The Japanese forces attained splendid military achievements in the interior of China by gaining control of the Yangtze River as far as Yochow, a 750-mile stretch, and turning it into a line of communication. The Japanese military achievements inland can never be extended, however, unless the Japanese maintain command of the Yangtze. If the situation were otherwise, the Japanese expedition to the interior of China might well share the fate of Napoleon's advance on Moscow.

Operations for securing the command of rivers are carried on by sweeping mines and removing booms, by suppressing remnants of Chinese troops and guerillas along the river, and by eliminating all factors for the disturbance of navigation. This is the reason why free navigation on the Yangtze and Pearl Rivers cannot be restored so easily.

In view of the importance which attaches to the operations in inland waters, they must be continued until the China hostilities are over.

Naval Units on the Yangtze

After the fall of the three Wuhan cities of Hankow, Wuchang and Hanyang, the Japanese naval forces on the Yangtze River continued their drive upstream and occupied Yochow (Yoyang) on November 13th last, thus re-opening the 130-mile waterway between Hankow and Yochow.

The naval units since have redoubled their mine-sweeping efforts in the Yangtze, from Hankow to Yochow, as well as from Shanghai to Hankow, to safeguard the Japanese line of communication. With the advent of the low water season unusually early this year, mines laid by the Chin-

ese troops came to surface one after another of their own accord. Scores of them were discovered and disposed of in a single day. Meanwhile, the Yangtze forces suppressed Chinese bandits who attempted to disturb the Japanese line of communication and rob Chinese junks on the river. When the Chinese armies and guerilla forces launched their so-called April offensive, the Japanese naval units on the Yangtze attacked their bases and successfully frustrated their attempts.

Last March, when the Japanese opened a drive on Nanchang, capital of Kiangsi Province, the Yantze forces broke through the booms constructed by the Chinese at several points at the mouth of the Kan River. In close cooperation with the landing party, air force and military units, they occupied Wucheng at the mouth of the Kan on March 23rd. The river patrol reached Nanchang by way of the Kan River on April 3rd, and Shihchakai, above Nanchang, on April 23rd. Since then the river units have been safeguarding the new Japanese communication line through Lake Poyang and the Kan River.

Japanese Naval Forces on the Pearl River

The Japanese naval forces on the Pearl River have been kept busy removing barricades and sunken vessels from the river and the water channels connected with it, sweeping mines and suppressing remnants of Chinese troops and guerillas along the waterway and in the delta.

An idea of the unit's activities may be understood from a glimpse of its record for the week starting May 22nd, a typical week. During this period, members of the unit boarded 284 junks, of which four were seized, one scuttled and the rest released. The unit confiscated three guns, 11 rifles, one revolver, 435 cartridges, 35 cases of gunpowder, 5,200 cases of petroleum, 20 tons of dust coal, 40 tons of lumber and a large quantity of sugar, vegetables, anchor chains and miscellaneous goods.

It discovered and disposed of 237 mines between January 1st and May 31st, making a total of 654 mines destroyed since the start of the Canton campaign last autumn.

Japanese operations in inland waters are not limited to the Yangtze and Pearl Rivers, but extended to the Kan, the Yen and the Cheyang rivers in North China. Since the latter part of February, the Japanese naval forces have occupied Siangshui, on the right bank of the Kan River, Haichow, the eastern terminus of the Lung-hai Railway, and Powning, on the Peiyang River in Kiangsu Province.

Activities of the Landing Parties

In North China, the landing parties cleared the neighbourhood of Weihaiwei, Chefoo and Lienyunchiang, port on the Lung-hai Railway, of Chinese troops and guerillas. In Central China, the landing party liquidated Chinese bandits near Kiangyin, on the estuary of the Yangtze, early this year. In March, it participated in the drive on Nanchang, capital of Kiangsi Province in cooperation with the Army. In South China, the landing party has undertaken a successful clean-up campaign against Chinese remnants.

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The Japanese landing party at Hainan also is playing an important role in the subjugation of the island, cooperating with the naval air force and the military forces in a most effective manner.

Activities of the Naval Air Force

The naval air force has not suspended its activities for as much as a day since the outbreak of the China Affair, except on occasions when weather conditions prohibited flying, and it has virtually liquidated the Chinese air force.

The naval air force has devoted its major attention to South China since the latter part of December, although attacking Chinese positions in North and Central China from time to time.

Activities of the naval air force reached their height from the middle of April, when fair weather returned to China.

It raided Chungking, seat of the Kuomintang Government in Szechwan Province and Chengtu, upstream on the Yangtze River in the same Province. A series of raids against Chungking, carried out in quick succession, has brought General Chiang Kai-shek to the realization that any town in China, however isolated, can bring him no safety from the Japanese naval planes.

From the beginning of the China Affair to May 31st, the naval air force alone has destroyed no less than 1,561 planes of the Chinese air force.

The Swatow Campaign

At 11 o'clock on the morning of June 21st, when the eyes of the world had been focussed on the international settlements and foreign concessions at Shanghai, Kulangsu and Tientsin, the Imperial Headquarters announced a surprise landing of Japanese military and naval forces at Swatow, strategically situated seaport in South China on the eastern coast of Kwangtung Province.

Crack detachments, operating in close cooperation, effected a landing near Swatow in face of the enemy at dawn the same day and immediately started an advance inland. Just a year earlier, to the day, a Japanese landing party had occupied Namoa Island, off Swatow.

For the intervening 12 months, therefore the inhabitants of Swatow had expected a Japanese attack almost every day.

The Japanese Fleet in South China Waters, commanded by Vice-Admiral Nobutake Kondo, and a group of military transports carrying soldiers had sailed from an undisclosed base, arriving off Swatow at midnight, June 20th. Landing operations immediately got under way, and the naval forces at 5 : 30 o'clock in the morning had completely occupied all the islands dominating Swatow.

A unit of Japanese warships at 8 : 30 a.m. started to enter Swatow harbour. By sweeping mines and removing booms in face of the enemy forces on both banks, the warships reached a point only two kilometers east of Swatow at 10 : 50 o'clock, silencing the enemy fort at Kilu and other positions on the way. By 2 o'clock, they had succeeded in sweeping mines and removing booms, enabling the transports to enter the port safely.

Meanwhile, the naval air force worked in close cooperation with the land and sea forces, bombing and machine-gunning the Chinese troops to cover the advance of the ground forces. A Chinese steam-launch near Pengchow, on the Han River, fired on a Japanese naval plane, which returned the fire and sank the surface craft.

Prior to this, a Japanese scouting plane, taking advantage of the morning mist, landed in Swatow Harbour and safely returned to the base after making very useful reconnaissance.

Later operations progressed smoothly, the Japanese military forces steadily extending the area under their occupation.

After the fall of Canton last October, Swatow remained the only seaport from which the Chiang Kai-shek régime could contact the outside world. Merchantmen of third Powers friendly to the Nationalist Government recently had frequented Swatow in increasing numbers, including vessels of Jardine Matheson & Co., Ltd., a British concern. War supplies were imported through Swatow and transported overland to Chungking, while staple products from the interior of China were exported abroad through the Kwangtung Port.

Swatow thus was at once a milch cow, so to speak, and a granary for the Chiang Kai-shek régime. The loss of the vital port therefore represents a serious blow to the Chungking Government.

The scorched earth policy was followed during the campaign by the Chinese garrison forces at Swatow, which set fire to several points in the town on the night previous to the Japanese occupation. The fires raged throughout the night, rendering hundreds of Chinese inhabitants homeless and accentuating their hardships. On June 22nd, the landing party cleaned up the Chinese remnants in the busy streets west of the piers of the China Merchants' Steam Navigation Company and completely occupied that part of Swatow.

On June 23rd, Vice-Admiral Kondo, accompanied by his staff, landed at the custom pier, where he was met by the supreme commander of the Japanese Expeditionary Forces. Together, they inspected various parts of Swatow in which the fighting had taken place.

The naval air force had cooperated fully with the land forces in their attack on the Chinese positions, after successfully covering the Japanese landing operations. Naval planes also dropped handbills, urging the Chinese to cease their futile resistance against the Japanese, and urging non-combatants to go about their business as usual. Bombing and strafing of the fort at Kilu, east of Swatow, proved very effective, facilitating the advance of the Japanese land forces to a great degree. Attacks on Chinese positions in the interior, including Shanghang and Meihsien, also struck terror into the enemy. Mention must be made here of the impressive role played by Japanese flying-boats in the Swatow campaign.

Occupation of Chaochow

The naval air force on June 23rd visited the common border of the three provinces of Fukien, Kiangsi and Kwangtung, and attacked important Chinese military bases at Pinghwo and Nanyung. Naval air units also flew

over the Chasan highway and bombed 40 or more lorries near Fengshun. Ten motor-cars attempting to cross the bridge over the Han River were attacked and burned.

Following the capture of Swatow, a Japanese detachment assisted by aerial squadrons launched a drive on Chaochow, northern terminus of the Swatow-Chaochow Railway. On the night of June 25th, it advanced on Chaochow, overland and by the waterway, reaching a point approximately four kilometres south of Chaochow by dawn.

The military unit immediately launched a general attack against Chaochow, occupying the railway station early in the morning. Other Japanese units converged on the city by three routes from the western bank of the Han River south of Chaochow and reduced the town after hot fighting with the Chinese garrison troops.

Blockade of Wenchow and Foochow

Closely following the capture of Swatow, the Japanese fleet started fresh operations on Foochow, capital of Fukien Province, and Wenchow, in Chekiang Province, both treaty ports, in a determined effort to complete the blockade of the South China coast. Before the fresh operations started, Mr. Yoshiaki Miura, Japanese Consul-General at Shanghai, communicated to the Danish Consul-General, doyen of the foreign consular body, on the morning of June 27th to the following effect:

"The Japanese Navy is starting fresh military operations on Foochow and Wenchow, beginning June 27th. Third Power warships and merchant vessels in Wenchow hereby are requested to withdraw to points east of 121 degrees, 15 minutes East Longitude by noon, June 29th (Tokyo time), and those in the vicinity of Foochow hereby are requested to withdraw to points east of 119 degrees, 50 minutes East Longitude by the designated time. Entry into and clearance from those ports after noon, June 29th, will become impossible. The Japanese Navy will not assume responsibility for any consequence arising from the attempts to enter or clear from those ports after noon, June 29th."

Simultaneously with this communication to the foreign consular body, the Japanese fleet started operations against Wenchow and Foochow on June 27th.

A detachment of Japanese bluejackets which had been standing by landed on Hutow (Tiger's Head) Island, dominating Wenchow, and occupied it on June 27th. Another Japanese bluejacket unit occupied Yuhwan Island and Kanmen Port on the same morning. Meanwhile, other Japanese naval units constructed booms at the mouth of Wenchow Bay, after capturing numerous Chinese military craft.

Part of the Japanese landing party occupied Chwanshih Island at the mouth of the Min River and started constructing booms, while Japanese warships heavily bombarded the Chinese military positions on both banks of the river.

Naval air units devoted two days, June 27th and 28th, to spirited attacks against the Chinese military positions at the mouth of the river, with the result that an exodus of Chinese inhabitants started from there to the interior.

With the steady progress of the fresh operations on Wenchow and Foochow, the Japanese blockade against the South China coast has been tightened further, so that the supply of war materials to the Chiang Kai-shek régime through South China seaports has been severed completely.

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STATEMENTS OF THE FOREIGN OFFICE SPOKESMAN

I

CONCERNING TRADE RELATIONS BETWEEN JAPAN AND AUSTRALIA (JUNE 27, 1939)

With a view to maintaining the cordial trade relations existing between Japan and Australia and in anticipation of favourable response on the part of Australia to our friendly measures, the Japanese Government decided to adopt the following measures by which to regulate Japanese-Australian trade relations from July 1st of this year, and notified the Australian Government to that effect on June 7th.

1. In granting import permits for shipping, the Japanese Government will allot to Australian produce at least two-thirds of the total quantity of wool to be imported into Japan from all foreign countries.

2. The Japanese Government will continue to enforce the measures for export control which it has hitherto voluntarily taken, so that cotton piecegoods and artificial silk goods (including staple fibre textile) to be exported to Australia will not each exceed 51,250,000 square yards in quantity per year.

To the above-mentioned notification of our Government, the Australian Government, under date of June 26th, replied to our Consul General Masatoshi Akiyama at Sydney to the effect that it appreciated the undertaking given by the Japanese Government, that it would continue to have regard for the maintenance of friendly trade relations with Japan, and that it would for the present observe the effects of the measures taken by the Japanese Government on the Australian export trade to Japan, particularly the facilities provided for the purchase and importation of Australian wool into Japan.

It is a matter for congratulation for both Japan and Australia that their trade relations will thereby continue to be satisfactorily maintained after July 1st of this year.

II

CONCERNING THE ADJUSTMENT OF TRADE RELATIONS BETWEEN JAPAN AND VENEZUELA (July 3, 1939)

Venezuela provides a good market for Japanese merchandise, whose exports to that country have been increasing in quantity every year in the past. Japanese purchases of Venezuelan merchandise, however, have not been increased correspondingly, thus making the trade between the two countries notably one-sided with the result that the Venezuelan Government attempted to restrict Japanese imports unilaterally.

Consequently, the Japanese Government instructed Mr. Kiyoshi Yamagata, Minister to Colombia, to proceed to Venezuela to open negotiations with the Venezuelan Government to maintain the market of Japanese merchandise there.

As a result of the negotiations, an understanding was reached between Japan and Venezuela on July 2nd that Japan purchase Venezuelan merchandise as much as possible while Venezuela impose no undue restrictive measure on the importation of Japanese goods on the ground of unbalanced trade relations between the two countries.

TREATIES AND ORDINANCES RECENTLY PROMULGATED

SECRETARIATE OF THE CABINET

Revisions in Regulations Concerning Operation of the Special Tax Law Incidental to the China Affair.

(Imperial Ordinance No. 170 of April 1, 1939)

Revisions in Regulations Concerning Operation of the Temporary Profit Tax Law

(Imperial Ordinance No. 171 of April 1, 1939)

These Ordinances provide for necessary revisions in accordance with the revisions in the Special Tax Law Incidental to the China Affair and the Temporary Profit Tax Law.

Organization of the Dividend Investigation Commission

(Imperial Ordinance No. 191 of April 10, 1939)

According to Articles 6 and 7 of the Imperial Ordinance Concerning Dividends of Companies and Accommodation of Capital, the approval or permission of the standard and excess rates of dividends of companies capitalized at not less than 200,000 yen and the orders relating to supervising the accounts of such companies, are to be executed on recommendation of the Dividend Investigation Commission. This Ordinance provides for organization of the Commission whose function is to investigate and deliberate on the above-mentioned matters. The Commission is to be composed of a President (Vice-Minister of Finance) and not more than 12 members (senior officials of the various Government offices concerned and technical experts).

Protocol Relative to Participation of Spain in the Agreement against the Communist International

(Treaty No. 4 of April 15, 1939)

This is a Protocol concluded on participation of Spain in the Japanese-German-Italian Agreement against the Communist International, namely, the Agreement consisting of the Agreement and the Protocol annexed thereto concluded between Japan and Germany on November 25. 1936, and also of the Protocol concluded between Japan, Italy and Germany on November 6, 1937. It went into force on March 27, 1939.

Protocol Concerning the Fourth Prolongation of Duration of the Fishery Convention between Japan and the Union of Soviet Socialist Republics

(Treaty No. 5 of April 15, 1939)

This Protocol was concluded with a view to prolonging until December 31st, 1939, the duration of the Fishery Convention between Japan and the Union of Soviet Socialist Republics as well as all the documents annexed thereto signed in 1928.

Ordinance Concerning Operation of Special Census in 1939

(Imperial Ordinance No. 209 of April 18, 1939)

Ordinance Concerning Defrayment by the National Treasury of Local Expenditure Needed for Operation of Special Census in 1939

(Imperial Ordinance No. 210 of April 18, 1939)

These Ordinances provide for determining the time, scope and method of investigation of Special Census to be taken in 1939, with the objective of chiefly investigating consumption of commodities, and also for defraying out of the National Treasury amounts up to 350,000 yen for local expenditures required by the investigation.

Ordinance Concerning Monthly Field Investigation of Labour Statistics

(Imperial Ordinance No. 283 of April 28, 1939)

This Ordinance provides for continuing the investigation of matters concerning wages, which have been studied monthly since July, 1923, and other matters relating to labour in accordance with the Laws and Ordinances concerned, and also for obtaining thereby data indispensable for security of living of working-classes, cultivation and maintenance of labour power and other plans under the current emergency.